

Message Text

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ACTION OES-09

INFO OCT-01 ARA-15 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-15 H-02 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-20 SP-02
SS-15 STR-07 TRSE-00 ACDA-12 PA-02 /145 W
-----066536 101114Z/10

R 081937Z SEP 78
FM AMEMBASSY ASUNCION
TO SECSTATE WASHDC 3946

UNCLAS ASUNCION 3888
FOR CECILE LEDSKY, OES:NET

E.O. 11652: NA
TAGS: ENRG, TECH, LDC, PA
SUBJECT: COST OF ELECTRICITY PRODUCTION USING CONVENTIONAL ENERGY SOURCES

1. AVERAGE COST OF ELECTRICITY FOR CONSUMER GROUPS, IN MILLS PER KILO WATT HOUR:
CONSUMER GROUP AVERAGE COST
RESIDENTIAL 72.6
INDUSTRY 54.8
GOVERNMENT 24.5
MUNICIPAL 33.7
STREETCAR 72.1
STREET LIGHTING 67.4

BECAUSE OF A SEVERE DROUGHT, THERE IS A SHORTAGE OF WATER AT ACARAY, THE COUNTRY'S PRINCIPAL HYDRO-ELECTRIC SITE. THEREFORE, PARAGUAY SINCE THE SECOND QUARTER OF LAST YEAR HAS HAD TO USE OBSOLETE STEAM-TURBINE FACILITIES AND OTHER AUXILIARY INSTALLATIONS AND TO IMPORT SOME POWER FROM BRAZIL. THEREFORE, IT IMPOSED A SPECIAL SURCHARGE ON THE ABOVE RATES AS FOLLOWS: ABOUT 80 PERCENT FOR RESIDENTIAL CONSUMERS, 30 PERCENT FOR INDUSTRIAL CONSUMERS AND A REDUCTION IN SUPPLY TO THE OTHER CONSUMERS. IT IS EXPECTED THAT THE SITUATION WILL RETURN TO UNCLASSIFIED

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NORMAL BY THE END OF THE YEAR WITH NORMAL RAINFALL BEGINNING IN OCTOBER.

2. THE ACARAY DAM, WITH AN INSTALLED CAPACITY OF ABOUT 200,000 KILOWATTS, IS 220 MILES FROM ASUNCION. IT IS PRESENTLY OPERATING AT 26 PERCENT OF CAPACITY. TRANSMISSION COST OF POWER FROM ACARAY TO ASUNCION IS ABOUT 6 MILLS PER KILOWATT.

3. CAPITAL COST OF GENERATING HYDROPOWER AT ACRAY IS ABOUT US \$650 PER KILOWATT INSTALLED CAPACITY.

4. THE COST OF MONEY TO PURCHASE EQUIPMENT VARIES WIDELY, DEPENDING UPON THE TYPE OF LOAN. SOFT LOANS ARE OBTAINED AT AN INTEREST AS LOW AS 3 PERCENT PER YEAR, OTHER LONG TERM LOANS ARE OBTAINED AT AROUND 6.5PERCENT SUPPLIERS CREDIT AROUND 6.5 PERCENT TO 8 PERCENT.

5. ACCORDING TO LOCAL LAW, NET RETURN SHOULD BE EQUAL TO AT LEAST 8 PERCENT OF VALUE OF FIXED ASSETS.

6 INSTALLATIONS AND EQUIPMENT ARE AMORTIZED ACCORDING TO THE FOLLOWING SCALE:

HYDROELECTRIC INSTALLATIONS FROM 1.26 TO 3.33PERCENT

STEAM GENERATING EQUIPMENT 1.55 TO 4.90

TRANSMISSION EQUIPMENT 2.86 TO 3.94

DISTRBUTION EQUIPMENT 1.75 TO 8.42

OTHER INSTALLATIONS 2.46 TO 14.25

THE AMORITZATION RATE VARIES ACCORDING TO THE USEFUL LIKE OF THE EQUIPMENT.

7. LOAD FACTOR OF GENERATING EQUIPMENT IS AROUND 70 PERCENT. HOWEVER, IT IS HARD TO DETERMINE AT THIS MOMENT BECASUE OF THE UNUSUAL CONDITIONS UNDER WHICH IT OPERATES.

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8. THE COST OF FUEL OIL IS \$0.54 PER GALLON.

9. UNDER NORMAL CIRCUMSTANCES, HYDROPOWER SHOULD SUPPLY OVER 95 PERCENT OF PARAUGYA DOMESTIC ELECTRIC CONSUMPTION.WHITE

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